

Payroll Business Line FISCAL YEAR 2008 – 2012 PLAN



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Executive Summary

Mission: Provide accurate and timely payroll and related services for 11,000 Department of Energy Federal employees.

Vision for Near Term: Continue to effectively work with the Defense Finance and Accounting Service (DFAS) to enhance the Automated Time and Attendance Production System (ATAAPS) and Defense Civilian Payroll System (DCPS) to eliminate manual payroll workarounds, timely respond to employees' requests for assistance, support the I-MANAGE STARS initiative, and modify the payroll labor distribution reports to support STARS accounting codes. This includes proactive participation by Energy Finance and Accounting Service Center (EFASC) in DFAS Systems Control Board activities that enables the Department of Energy (DOE) to elevate its interest and concerns to improve the payroll services to employees.

Balance Score Card Objectives:

- **Customers:** Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.
- **Financials:** Use the DOE financial systems and other payroll information to improve program spending controls.
- **Internal Processes:** Evaluate and/or reengineer policies, procedures, and business practices to complement the DOE's system modernization initiative.
- **Learning and Growth:** Continue to develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in enhancing the payroll processes.

Accomplishments:

- 100% on time payment delivery to employees (100% achieve during past 25 years)
- Implemented system changes in ATAAPS and DCPS to eliminate some of the manual workarounds that were being performed by DFAS and the EFASC Payroll Team.
- Provided Timekeepers with the ability and training to perform functions in ATAAPS that previously required assistance from the Payroll Customer Service Representatives.
- Replaced the Labor Distribution System with new functionality in DOEInfo that allows more efficient processing of payroll data.

Introduction

Currently, the EFASC provides payroll and related services for all Department of Energy Federal employees except those in the Federal Energy Regulatory Commission and the Bonneville Power Administration. The services described below are performed for approximately 11,000 employees and are performed through the DFAS payroll services and use of ATAAPS and DCPS.

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- Collect, edit, and process the time and attendance (T&A) data submitted by timekeepers and certifying officers.
- Follow up with certifying officers when T&A data have not been certified in a timely manner.
- Receive and respond to employees' inquiries and requests regarding their payroll payments, allotments, tax withholdings, etc.
- Manually enter data in DCPS to process employee requested changes that are received on paper forms.
- Review and process donated and restored leave in DCPS.
- Process the payroll payment requirements set forth in settlement agreements and legal judgments.
- Prepare and submit billing requests to DFAS for overpayments made to employees.
- Reconcile the accounting control accounts maintained at DFAS and DOE.
- Maintain and operate the Department's system of allocating payroll costs to the affected offices and proper appropriations.

Planning Process: The Payroll Business Line plans to sustain its efforts to improve performance that are in line with those of the CFO and the WCF, and support the Department's strategic objectives in Corporate Management. The business line will work towards achieving the balanced scorecard objectives and report the progress to the WCF Board on a quarterly and annual basis.

Each year the business line updates its five-year plan using a balanced scorecard approach with objectives, performance goals to measure successes, and strategies to reach objectives. The business line reports progress towards these balanced scorecard objectives to the WCF Board on a quarterly and annual basis. The pricing policies are based on the guidelines provided in the Working Capital Fund Guide to Services and Procedures (the Blue Book). The Payroll Business Line recommends that the pricing policy and that the cumulative annual assessment of \$2.108 million remain the same for fiscal years 2008 and 2009.

External regulation and partnerships: While the DOE utilizes the DFAS payroll systems to pay DOE employees, the payroll business responsibilities and functions continue to fully comply with DOE accounting regulations, IRS Tax Codes, Treasury Financial Manual, and Title 5 of the Code of Federal Regulations.

Resources and capabilities of the organization: With the approval and support of the WCF Board to continue the pricing policy for fiscal years 2008 and 2009, the Payroll Business Line should have the resources to continue its path forward to continue to sustain a steady-state payroll operation at \$2.1 million and a high level of quality payroll service for the DOE employees and affected program offices.

Needs and capabilities of customers: As in past years, the Payroll Business Line (PBL) continues to be sensitive to the employees' expectations and needs for accurate and timely payroll payments and quality services. The PBL understands that employees are currently and consistently using the internet to receive payroll related information and services. The PBL will monitor customer inquiries via use of iET Work Center (formerly APPLIX) system that

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facilitates in the logging of each customer inquiry and transmitting electronic responses. The iET Work Center data will be used to adjust the payroll operations to be more responsive to employees' expectations.

Future competitive advantages: By the end of fiscal year 2008, the Department's employees will benefit from additional ATAAPS and MyPay enhancements. The Payroll Business Line will continue to promote enhancements to ATAAPS that will allow Timekeepers and Certifiers to submit employees' time and attendance data more accurately and efficiently.

Economic Analysis of the Payroll business:

This business has two segments: Payroll and Flexible Spending Accounts (FSA). The source data for this analysis are DOE actual accounting reports and other published sources¹.

Payroll: Inputs to the Payroll business segment are federal and contractual personnel and activities outsourced to the Defense Finance and Accounting Service (DFAS). Federal personnel provide oversight to the business and provide liaison between the business, programs, DFAS, and the Fund Manager.

| (\$000) | | <u>Overhead</u> | | | <u>Direct</u> | | | <u>Percent of Costs</u> | | | | |
|-----------------|--|-----------------|-------------|-----------|---------------|-----------------------|-------|-------------------------|-------------|-----------|-------|-----------------------|
| Pricing Segment | | Federal FTE | Related Exp | Other Mgt | Labor | Material and Supplies | | Federal FTE | Related Exp | Other Mgt | Labor | Material and Supplies |
| Payroll | | | | | | | | | | | | |
| PAY | | 883 | 157 | - | 1,540 | - | 2,580 | 34.2% | 6.1% | 0.0% | 59.7% | 0.0% |
| FSA | | 5 | 1 | - | - | 260 | 266 | 1.9% | 0.3% | 0.0% | 0.0% | 97.8% |

| <u>Unit Cost (whole dollars)</u> | | | | | | | | | | | |
|----------------------------------|--------|-------------|-------------|-----------|--------|-----------------------|----------|-------------------|-------|----------|----------------|
| Pricing Segment | Units | Federal FTE | Related Exp | Other Mgt | Labor | Material and Supplies | Subtotal | Incremental Costs | Fixed | Variable | Pricing Policy |
| Payroll | | | | | | | | | | | |
| PAY | 10,759 | 82.07 | 14.59 | - | 143.14 | - | 239.80 | - | 2,580 | - | Tax |
| FSA | 2,553 | 1.96 | 0.35 | - | - | 101.84 | 104.15 | 101.84 | 6 | 260 | Usage |

Overhead expenses for this business are subsidized by the Office of CFO. Contractual expenses are largely for support personnel and DFAS personnel with some minor expenses for system maintenance and hosting. Costs should remain fairly stable for the next several years. All costs for this business are fixed in the planning horizon.

FSA: FSA charges provide administrative support for the program by a third party and are fully variable in the short run. They can be traced directly to the use of this contract for an individual and are billed to the respective organization based on usage.

Baselines: Because this is the first year of this analysis, there is little data on which to baseline. However, we plan on updating this analysis with FY 2007 data which will for the basis for comparing these results for trends in future fiscal years.

¹ The source accounting data is from FY 2006 final STARS data, indirect costs are from the *FY 2006 Indirect Cost Analysis* prepared for the DOE IG, units of production commonly derived from the performance reports included in the *Fiscal Year 2006 Annual Report* of the WCF.

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Balance Scorecard Elements

- 1. Customer Objective: Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.**

The Payroll Business Line's most important mission is to pay employees accurately and in a timely manner. While the Payroll Business Line appears to be doing a great job, it has not conducted a customer survey of the employees and program offices to validate the efficiency and effectiveness of its services and to identify additional areas of potential improvement. In lieu of customer surveys, the Payroll Business Line monitors the information in iET Work Center to determine the number and type of inquiries to the Payroll Customer Service Help Desk.

| Performance Goal | Performance Standard |
|---------------------------------------------|-------------------------------------------------|
| Pay employees on time | 100% on-time biweekly disbursement to employees |
| Deliver payroll T&A and LDS reports on time | 100% on time delivery of reports |

Measuring Effectiveness: The payroll should be processed accurately every two weeks. To date, the Payroll Business Line has consistently made disbursements and delivered reports on a biweekly basis and thereby has sustained the 100% performance objective for many years.

Relevance to the Department Goals: The Department's most valuable asset is its Government workforce that relies on receiving accurate and timely payment for services rendered.

Accountability: The Director, EFASC, is responsible for enhancing and sustaining the payroll operations and is held accountable for operating within fiscal constraints established by the Working Capital Fund.

Management: While the Director, EFASC, manages the payroll operations, the WCF Payroll Working Group acts in behalf of the WCF Board to monitor and advise the Payroll Business Line in its initiatives and general operations that are financed by the WCF.

Data Source: U.S. Department of Treasury records, iET Work Center, DCPS, ATAAPS, and DOEInfo reports.

Frequency: Biweekly

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| Strategies for Improving Customer Satisfaction | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Partner with the Office of Human Resource Management to persuade and encourage employees to increase their usage of ESS for submitting changes to payroll entitlements and deductions and receiving personal payroll data. | X | X | X | X | X |
| Monitor customer services requested by employees and program offices to validate or enhance quality and/or timeliness of payroll services | X | X | X | X | X |
| Evaluate and initiate appropriate actions to implement customers' recommendations. | X | X | X | X | X |
| Modify payroll systems and processes to improve the availability of management information. | X | X | X | X | X |
| Develop enhanced tools for program offices to independently generate their own reports from the payroll data warehouse (DOEInfo). | X | X | X | X | X |

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| 2. Financial Objective: Use the DOE financial systems and other payroll information to improve program spending controls. |
|----------------------------------------------------------------------------------------------------------------------------------|

Provide program customer managers with timely and accurate financial and payroll information to support their decision-making in the areas of resource management. Use the DOE financial systems for this purpose and ensure that information can be validated.

| Performance Goal | Performance Standard |
|-----------------------------|-----------------------------------|
| Support the I-MANAGE STARS. | 100% of data recorded accurately. |

Frequency: Report progress to the WCF Board in the Annual Report.

| Strategies for Financial Objective | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------------------------------------------|------|------|------|------|------|
| Enhance timekeeping functionality | X | X | X | X | X |
| Implement enhanced payroll cost reporting | X | X | X | X | X |
| Enhance employee interaction through ESS | X | X | X | X | X |
| Apprise the WCF Board on the DFAS service rates for each fiscal year. | X | X | X | X | X |

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3. Internal Processes Objective: Evaluate and/or reengineer policies, procedures, and business practices to complement the Department's systems modernization initiatives.

| Performance Goal | Performance Standard |
|----------------------------------------------------------------------------|------------------------------------------------|
| Ensure employees receive Leave and Earnings Statements on a biweekly basis | 100% on-time biweekly delivery to employees |
| Support the I-MANAGE STARS initiative in developing interfaces to STARS | 100% on-time recording of labor costs in STARS |

Baseline: The payroll Leave and Earnings Statements have been consistently delivered on time; thereby, the Payroll Business Line has sustained the 100% performance objective

Data Source: STARS, DCPS, ATAAPS reports, and Leave and Earnings Statements

Frequency: Biweekly

| Strategies for Internal Process Objective | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------------------------------------------------------------------------|------|------|------|------|------|
| Enhanced timekeeping functionality | X | X | X | X | X |
| Enhance employee interaction through ESS | X | X | X | X | X |
| Increase the percentage of electronic requests for changes to payroll entitlements and deductions | X | X | X | X | X |
| Validate the accuracy of the payroll data in STARS | X | X | X | X | X |

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- 4. Learning and Growth Objective: Continue to develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in the payroll modernization initiative.**

| Performance Goal | Performance Standard |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Continue to train the Payroll Customer Service Representatives to become more proficient in performing research in ATAAPS and DCPS and providing more timely and accurate services. | 95% of help desk inquiries are resolved within one business day. |

Baseline: Utilize plan, monitor progress, and report status to WCF.

Data Source: iET Work Center, DOEInfo, STARS, and IDW.

Frequency: No training cycle or performance measure at this time.

| Strategies for Improving Learning and Growth Objective | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------------------------------------------------------|------|------|------|------|------|
| Enhance MyPay and ESS relative to retrieval of leave and earnings statements | X | X | X | X | X |
| Continue STARS and IDW training for payroll staff and program employees | X | X | X | X | X |